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CIM Group, Inc.

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*Oasis
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Hilary Royce
*Church of Scientology
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Alan Sieroty
Sieroty Company

Thaddeus Smith
*The Music Box at the
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Tej Sundher
*Hollywood
Guinness Wax
Museums*

John Tronson
*Tronson Investment
Group*

Bob Victor
*VanOwen Realty
Corporation*

★★★

Kerry Morrison
Executive Director



**Hollywood Entertainment District
Property Owners Association**
1680 N. Vine Street, Suite 216
Hollywood, CA 90028
phone 323 463 6767 fax 323 463 1839

March 13, 2006

TO: Holly Wolcott
Office of the City Clerk

FROM: Kerry Morrison
Executive Director
Hollywood Entertainment District POA

SUBJECT: Fourth Quarter
October 1, 2005 to December 31, 2005

As is required in our Agreement with the City of Los Angeles, I am submitting our Fourth Quarter Report to summarize key activities of the Hollywood Entertainment District. In addition, the December 31, 2006 year-end financial statement is attached to this memo.

I. Operational Issues

- At the Annual Meeting on November 17, five directors were elected to three-year terms ending November 2008: Lynda Bybee, Nathan Korman, Alan Sieroty, Thad Smith and Monica Yamada. The board also elected their officers for the coming year: Monica Yamada, President; Joel Fisher, Vice President; Jose Malagon, Secretary; and Jeff Rouze, Treasurer.
- A budget working group met during November to prepare the detailed HED budget for 2006. The group consisted of Joel Fisher, Monica Yamada, Jeff Rouze and Bob Victor. Tom Leaper assisted. The budget was presented at the December, 2005 meeting and was approved. The following highlights and assumptions were presented to the board (and a copy of the budget is attached to this report):
 - In 2005, the Board approved a three percent CPI Inflator for the 2006 assessment, which nets an additional \$68,773 in revenue.
 - The Working Group continues to recommend a very conservative "delinquency set aside" of \$75,000, even though for the last two years it has only been about \$30,000.
 - The Clean Street contract will increase by a three percent inflator in April, 2006.

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- The security budget is on a par with 2005 and there is a \$100,000 contingency set aside to pay for a service contract and an additional four to five cameras.
- The marketing budget is on a par with 2005 although \$20,000 is earmarked for economic benchmark research.
- The contingency budget is increased from \$14,000 (this year) to \$60,000 in 2006 to allow the Board to fund projects that may come out of the retreat.
- The rent will increase on June 1. The current rate is .49 psf (\$530/month) and will be increased to .70 psf (\$757.40/month). Market rate in the Taft Building is \$2.25 psf. M+S will renew the HEDPOA lease for two years.
- The RBZ accounting retainer is being increased from \$1600 to \$1850 per month.
- The budget estimates a conservative "cash rollover" from 2005 of \$50,000.
- Budget projections for 2005 indicate that approximately \$50,000 will remain as cash-on-hand, and will be rolled over into the 2006 budget. A more accurate balance will be presented to the Board at the January meeting, when all 2005 expenses are paid in December.
- Though the cash rollover will likely support the HED expenses until the first 2006 assessment revenue check arrives (likely late January), it is still recommended that HEDPOA secure a \$100,000 line of credit as a back up.

II Security

- With respect to the "street character" issue in front of the Chinese and Kodak Theatres, the LAPD initiated an undercover enforcement action on October 19 which resulted in six arrests. The arrests were widely reported in the media. Subsequent to this, a group of characters created a "code of conduct" and formed an association to try to attract the more responsible individuals on the Boulevard. Time will tell if this approach helps to curb the illegal and exploitive behaviours with respect to seeking tips from tourists for photos.
- To reinforce the second year of the Halloween silly string ban, extensive public education was coordinated in concert with the LAPD leading up to October 31. A press conference was held in front of Hollywood & Highland on October 31. The ban was successful, and the streets in Hollywood remained open to vehicles.
- Four sites were identified for the second phase of the video camera installation for LAPD: (1) the ATSAC pole at Hollywood & LaBrea, (2) the parking lot at Sav-On at Cahuenga and Yucca, (3) the YMCA building at the corner of Selma and Shrader, and (4) The Henry Fonda Theatre building at Gower and Hollywood. Repeaters will be installed on the House of Blues Building at Sunset and Gower. The equipment has been ordered from the manufacturer, and a motion for the city to accept the gift of the camera installation will appear on the January city council agenda.

- In response to the recent arrival of a Saturday afternoon homeless feeding program in the children's playground at Selma Park, the city agreed to designate a portion of the park as a children's only section.

III Streetscape Issues

- A press conference was held on November 15 at the Hollywood and Argyle Metro Station to "flip the switch" on the new street lights for the Walk of Fame. Present were Mayor Villaraigosa, Councilmember Eric Garcetti, Johnny Grant and Board of Public Works President Cynthia Ruiz.
- The removal of trees for the Fan Palms West project commenced in early November. Nineteen Ficus Trees were removed and 36 palm trees planted. One Ficus Tree was to remain, in front of property owned by Buena Vista Distribution, because the property owner chose not to pay the \$1,800 required for matching funds. During excavation, the construction crew ran into street lighting conduit, and the project had to dip into the contingency budget to re-route. By December, the contractors had installed the decorative pavers and replacement terrazzo.
- The HED submitted a grant request through the city's Office of Community Beautification for \$2,500 for a "public patio" project which would allow for the purchase of portable tables and chairs to install each day along the sidewalk "bump-out" areas in the middle of the BID.
- Morrison has participated in two meetings relative to maintenance issues associated with the Walk of Fame. Of particular concern is the state of the terrazzo in front of the Hollywood & Highland complex. The committee has decided that it would be appropriate to bring in an independent terrazzo expert to evaluate what might be causing the terrazzo failures, and also to opine on the overall capital maintenance needs of the entire Walk of Fame.

IV Marketing Issues

- Kerry Morrison co-hosted two mobile walking tours in conjunction with the Urban Land Institute conference in Los Angeles during November, 2005.
- A new pole banner campaign was unveiled to the Board, and the goal is to secure six private-sector sponsors to pay \$14,000 each for 28 banners (each). This will allow for branding of the Hollywood Entertainment District, with the costs picked up by the marketing sponsors.

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V. OTHER

- The HED Board authorized sending a letter to city officials requesting that the route for the 2006 Triathlon be moved out of Hollywood. By the December meeting, with no response from the city, the Board authorized Kerry Morrison to ask for a public hearing when this issue comes up on the agenda at the Board of Public Works.
- Representatives from the HED participated in a People Assisting the Homeless (PATH) "Project Connect" Day for area homeless individuals. It was held on December 8, 2005 at Hollygrove.

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